

## Statement on Financial Markets Bill

Friday, October 03 2008

"Throughout my time in public service, whether in the Maine Legislature or the U.S. Congress, I have committed myself to truly representing the best interests of my constituents. In examining bills, I look beyond the talking points and the politically heated language that all too often poisons Washington. The legislation on the financial markets bailout was no different.

"The Administration's initial three page plan was short on the details and amounted to an unacceptable power grab. So too was their roll out. What is a travesty, and what panicked the market, was that "the plan" was presented in a way that told Wall Street, the media, every American, and the world that this was the only way to go. It was sold as a do or die choice, which artificially created an unnecessary panic. It was a terrible process that created a near impossible environment for any serious consideration of other plans and ideas on how to address our markets' credit woes.

"I agree that it was necessary for Congress to act swiftly to address the problems of the credit markets. But I also thought that it was crucial that we get it right. The two proposals that we ultimately voted on in Congress were not just unfortunate, they were deeply flawed.

"In the end, Congress did little to change the original White House plan. Instead, leaders in Congress backed a proposal that asked the American taxpayer, who did nothing to contribute to the current credit crunch, to shoulder the burden of the credit crisis by forking over hundreds of billions of dollars to bailout Wall Street firms who got us into this mess in the first place. Congress then actually compounded the failures of the Administration's handling of this crisis by not allowing amendments on one of the most significant bills ever voted on in the history of the Congress.

"In fact, congressional leaders blocked proposals that I believed would have improved the bill. For example, Congress should see if the Treasury Department plan is working to help the credit markets before putting the full \$700 billion on the line. One proposal that would accomplish this would have limited the Treasury Department's spending authority to \$250 billion. Treasury Secretary Paulson himself said that he could probably only spend about \$50 billion each month. Limiting the authorized amount would reduce taxpayer exposure and allow Congress more time to seriously consider the most responsible way forward. I think that this proposal makes a lot of sense, especially when you consider what a Treasury Department spokesperson said when asked where they came up with the \$700 billion amount: 'It's not based on any particular data point.' Unbelievably, the spokesperson went on to say that they 'just wanted to choose a really large number.'

"In addition to the spending amount, we should address the problem of foreclosures, which is at the heart of the current crisis. The provisions in the bill to help homeowners are extremely weak. When you read the fine print, you find language that encourages, rather than mandates, help for homeowners. Unfortunately proposals to force the Administration to use all their powers to help struggling homeowners were rejected.

"It was unfortunate that these proposals were brushed aside in favor of the Bush Administration's original framework.

"I ultimately voted against the bill for a number of reasons. First and foremost, I believe the bill provides a meaningless check on the White House's ability to spend the full \$700 billion. Though the bill divided spending authority into parts, Congress has no real say in it. More specifically, unless Congress passes, by veto proof majorities in both chambers, a resolution disapproving the Administration's request to spend more, the White House is free to spend. When it's \$700 billion of the taxpayers' money on the line there should be serious accountability provisions included.

"The provisions to pay taxpayers back are little more than fantasy. The legislation merely requires that a future president propose a bill five years from now to pay for the losses incurred by the taxpayers. If repaying the taxpayer was important, there should have been an ironclad repayment provision written into the text of this bill. I do not have faith that Congress, five years from now, will vote to pass a multi-billion dollar tax increase on Wall Street.

"As you read the text of the final bill, it actually recognizes the severe impact this plan will have on future generations. The bill includes a provision that raises our current debt ceiling to an astonishing \$11.3 trillion. The bill even allows for the bailing out of foreign investors, with no guarantee of reinvestment in the United States. Maine taxpayers deserve better.

"Unfortunately, when the House initially rejected the plan, the Senate's answer was to add new spending and tax breaks into the bill, including tax extenders to make wooden arrows for children and excise tax relief for rum from Puerto Rico. These tax extenders are outrageous to include in a bill that was supposed to be devoted to addressing the credit crisis.

"While I strongly support the tax cuts to help the middle class, the Senate did not even attempt to offset the new provisions' costs. The sweeteners added to the bill will cost the taxpayers just over \$100 billion on top of the \$700 billion they are going to pay for the bailout.

"At the end of the day, because the Senate bill did nothing to address the original concerns that I had with the House bill, I voted against it. This was not a vote that I took lightly. Over the past two weeks I sought out financial experts, economists, regulators, and banks - at both at the national and state level - to get their analysis. While they were in agreement that action must be taken, they were not convinced that the White House plan was what should be done. In my heart, I hope that it works. But I cannot place my principles on a shelf, hold my nose and vote for such a fundamentally flawed piece of legislation."

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